

The complaint

Mr R complains that The Royal Bank of Scotland Plc (RBS) blocked his account. Mr R says he lost out financially due to the block and suffered a great deal of inconvenience.

Mr R is also unhappy about the service he received when speaking to RBS on the phone and in branch.

To put things right Mr R wants RBS to pay him compensation.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr R has a current account with RBS.

On 7 August 2022, Mr R wanted to transfer £12,000 to an account he held with another bank to make an investment. But he couldn't transfer it due to the £1,000 mobile banking limit. So, he called RBS to try and make the transfer. During the call RBS told Mr R that they couldn't process the payment and that the limit was £10,000. And when RBS asked, Mr R didn't know his customer reference number. After being put on hold the call disconnected.

Mr R called RBS again and was put through to RBS's fraud department. During the call RBS asked Mr R some questions to pass security. Mr R failed ID because the agent asked Mr R dates his accounts were opened which he couldn't answer. Due to Mr R failing security RBS locked his account.

Mr R's account was blocked between 7 August 2022 until 10 August 2022. The type of block RBS applied to Mr R's account was temporary. It was placed on Mr R's debit card, blocking further transactions being made such as point of sale and cash withdrawals. This is usually due to suspected fraud. It also stopped the account from appearing online and telephone banking.

RBS told Mr R it could send him a link so that he could upload a selfie, via its HooYu system which allows customers to verify their ID remotely, but Mr R refused. He said the camera on his phone wasn't working and he didn't have access to another phone that had a working camera. So, RBS asked Mr R to go into branch with his ID so that staff could verify him and the payment in question. RBS also told Mr R that he'd be able to take out cash whilst in branch.

On 10 August 2022 RBS were able to verify Mr R in branch and sent evidence relating to him and the payment to its fraud team. The fraud investigation was completed shortly after this time, and the block was removed on the same day. And Mr R withdrew just under £1,000 in branch. Mr R also completed the transfer he wanted to make on 11 August 2022.

Mr R was very unhappy and complained to RBS. He said the block applied to his account was unfair. Between 7 and 10 August 2022, Mr R made 75 calls to RBS to try and have things resolved, during some of the calls Mr R became abusive and threatening. Most of the calls were short and disconnected but on others RBS repeated its advice that Mr R needed to go into branch to verify his identity and the payment to have the block removed.

During the calls Mr R told RBS that he couldn't buy presents for his daughter's upcoming birthday which was upsetting and that he'd been left stranded 20 miles from home due to not being able to access his account. And he didn't have any money for petrol. Mr R explained that he was unable to pay for food shopping and so his family went without food for the first night.

Mr R also told RBS that he'd taken out a loan to use for an investment, but due to the block he wasn't able to make the investment in time and lost out around £4,000. Mr R said that the investment would have allowed him to pay off the loan immediately, however, as he was unable to make the payment, he was now stuck with a loan which is affecting his credit score.

Mr R said he wanted to purchase a caravan, but the loan is affecting his credit rating, so he was unable to do so. Mr R also explained he had plans to take out a mortgage on his nan's house, but due to the presence of the loan he believes it will stop him from doing this.

Mr R also said that there were various complaint handling and customer service issues he faced. Mainly with the complaints manager who issued his final response letter without speaking to him about the complaint points. Mr R said he believes that two RBS advisers' prank called him from withheld numbers. Overall, Mr R said his mental health had been impacted and RBS's actions had made him feel very ill. To put things right Mr R said RBS should pay him compensation for his financial losses and the upset he'd been caused.

In response, RBS said it hadn't done anything wrong when it had blocked Mr R's account. And had done so to safeguard Mr R's account. RBS said it appreciated that the questions staff had asked him on the phone about his account were extensive and may have felt invasive, but they had been asked to protect Mr R's account from fraud.

RBS also said it hadn't done anything wrong when staff had called the police, after Mr R had refused to leave the branch. And it hadn't done anything wrong when accepting just Mr R's signature in branch to complete the withdrawal he made on 10 August 2022. RBS said that it had given Mr R the correct advice about going to branch and that Mr R kept calling up – which was his choice, so it couldn't be held responsible for Mr R's actions. However, RBS accepted that on some occasions its service had fell short. So, RBS paid Mr R £325 as a gesture of goodwill for any trouble and upset the matter had caused him.

Mr R remained unhappy and brought his complaint to our service where one of our investigator's reviewed everything. After looking at all the evidence, in summary the investigator said the following:

- RBS, like all regulated financial businesses, has certain statutory, regulatory and legal obligations it must adhere to. To do what it needs to, it'll often carry out reviews of customer accounts - which is what happened with Mr R's account. It's not unusual for an account to be blocked during a review. RBS doesn't have to give notice, nor does it have to give a reason for the review.
- RBS acted in line with the terms and conditions of Mr R's account.
- RBS completed its review without any undue delays.
- Whilst Mr R said there was a further block placed on his account on 10 August 2022

the investigator didn't see any evidence of this and could see Mr R was using his account as usual following the 10 August 2022.

- Complaint handling isn't a regulated activity.
- She noted that Mr R contacted RBS 70 times over three days and that many of the conversations were over 30 minutes long, and largely covered the same reasons about why he was unhappy with RBS. She had listened to a selection of those calls, and nothing she heard during those calls identified that RBS had done anything wrong in how they handled the calls.

Mr R disagreed. In summary he said:

- RBS shouldn't have reviewed the account in the first place. He thinks he was wrongly locked out of his account.
- He accepts that he used abusive language during calls. But this was out of frustration.
- He should not have had to visit a branch to verify himself. He couldn't walk because of the 40 degrees heat. And had needed to catch a lift all of which was inconvenient.
- He missed work, and his employer is still trying to get rid of him to this day.
- When RBS blocked the account previously, a manager sorted things out. Then when he called RBS this time, the same advisor promised a manager would call back but didn't. He kept calling because he believed that if he got through to the right person on the right day, they'd unlock it. It was unreasonable to tell him to get to branch in the circumstances.
- It was unreasonable that RBS called the police on him.
- The investigator hasn't listened to all the calls he had with RBS. So can't have reached a fair outcome.

As no agreement could be reached the matter has come to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all of Mr R's submissions.

I also understand Mr R has suggested that he has more information he wants to provide regarding his complaint. And that he wanted to discuss his complaint with the ombudsman reviewing his complaint before any decision was issued regarding the matter.

I've thought about Mr R's request to speak to me. But I'm conscious it has now been more than a year since Mr R brought his complaint to our service. So, I think he has had sufficient time to provide all the information he wants to submit before a decision has been made in this case. I note too that Mr R has said he is unhappy that all the phone calls between him

and RBS have not been listened to by the investigator. So, he questions how a fair outcome could be reached when information may be missing.

Like the investigator, before reaching my decision, I've listened to a selection of calls which have been available to this service by RBS. I've also looked at the complaint notes and summaries of the calls. And in any event, I'm satisfied I have the information I need in this case to reach a fair and reasonable decision. I'm satisfied that further submissions from Mr R and reviewing every single call, regarding this aren't necessary for me to reach this outcome. I've said more about this below.

It might be helpful for me to say here that, as we are not the regulator, I cannot make RBS change its policies or procedures – such as when or how it invokes fraud prevention measures when it has concerns about the activity on an account or identity of an account holder. We have no regulatory or disciplinary role.

So, the question I have to ask here is whether the security measures RBS had in place were reasonable and if they were applied fairly. And having considered everything I think they were. I'll explain why.

RBS has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. This sometimes leads to payment instructions being declined, accounts being blocked, and funds in accounts being withheld from account holders. The terms and conditions of Mr R's account also make provision for this.

As I've said above it's not for me to tell RBS how to run its business, but I would expect RBS to have systems and procedures in place to protect its customers against fraud – and I think Mr R would agree and understand that.

I've listened to the calls between Mr R and RBS on 7 August 2022 – Mr R wanted to make a payment of £12,000 to another account so that he could make an investment. During the calls he was asked about the money which was funding the transactions – which was a loan he'd taken out from another bank. RBS also asked Mr R security questions including asking him for his customer reference number, and when he'd opened his accounts. Unfortunately, Mr R couldn't answer the questions and provided incorrect information.

The call handler said she'd have to speak to another department – at that point Mr R became agitated and told the advisor he was quite suspicious about what she was doing. I can understand Mr R's frustration especially as he'd had his account blocked on a previous occasion – but banks and building societies have an obligation to try and keep their customer's accounts safe and prevent them from being victims of fraud and scams. I'm satisfied that during the call that is what the advisor was trying to do – I don't think she was deliberately trying to hide anything from Mr R. She was just following the bank's processes.

Sometimes they identify and block legitimate payments and accounts due to security concerns. This can cause distress and inconvenience to a customer. But it doesn't mean they have acted incorrectly. I appreciate Mr R wanted to make a payment to another account in his name, this wouldn't preclude the transaction from potentially being subject to security checks or additional security checks. Regardless of what Mr R was trying to do he was unable to provide the correct answers to the security questions, which meant he'd failed security and from RBS's perspective the account was potentially compromised. And so, in this situation RBS took what I think is a reasonable action by blocking Mr R's account until it could ensure the security of the account by Mr R providing his identification and information about the loan, he'd taken out which had been paid into his account.

I accept having to wait three days for the block to be removed caused Mr R inconvenience – but I can see that RBS offered to speed up the process by offering to accept Mr R's identification and information via its remote HooYu platform. Mr R refused to use the platform, explaining that he didn't have access to a mobile phone which had a working camera. This is unfortunate. But I can't hold RBS responsible for Mr R not having access to a usable device. In the circumstances the only other alternative available was for Mr R to visit a branch – which is what he did on 10 August 2022. I'm pleased to see that RBS removed the block immediately once Mr R was able to satisfy its security requirements.

I want to address the loss of investment income that Mr R says RBS actions cost him. I understand that the transaction Mr R wanted to make, which should have been very simple, turned out to be anything but. And that led to a delay in Mr R's money being transferred (the transfer was done on 11 August 2022). But if I'm to say that RBS is responsible for making good that loss, I have to be persuaded that an action or actions of RBS caused the delay. And I'm not persuaded of that for the reasons I've given above. So, I won't be asking RBS to pay Mr R compensation for any financial losses he may have incurred.

I'll now deal with the standard of service Mr R received on the phone and in branch. RBS has acknowledged that Mr R might have received service that wasn't of the standard he was reasonably entitled to expect. RBS has apologised for the amount of time Mr R spent on the phone trying to sort things out and that he wasn't called back when promised by a manager. RBS has provided feedback to staff and paid Mr R £325 compensation for the trouble and upset its poor service caused. This seems like a reasonable response to this aspect of Mr R's complaint. That's not to say I don't think RBS has dealt with some issues poorly – because it has. But it has admitted to these errors, and whilst I know Mr R won't agree, I'm not persuaded that RBS should fairly be directed to do anything further in this regard.

I should add that I've not seen any evidence that call handlers pranked called Mr R from an anonymous number.

Mr R is also unhappy about how RBS handled his complaint – in particular that a complaint manager didn't call him to discuss his complaint points before sending him a final response letter.

This Service cannot always deal with complaints about complaint handling. To explain further, there are limitations to what types of complaint this service can look into. Broadly speaking, we can only look into activities that are regulated by the Financial Conduct Authority (FCA). The FCA's Dispute Resolution (DISP) rules outline what activities fall within this Services' jurisdiction (DISP 2.3). But complaint handling is not one of the activities listed.

I can see that the investigator has already set out RBS's complaint process, so I won't repeat it again here. Where complaint handling forms part of a customer's complaint, then we can take into account complaint handling when looking at the overall customer experience. In this case, I can't say the issues which Mr R has raised about RBS's complaint handling processes are an extension of the issues which relate to regulated activities, so I'm not going to comment on whether RBS should have called Mr R to discuss his complaint points before issuing its final response letter.

In summary, I realise Mr R will be disappointed by my decision. But based on the available evidence, I won't be asking RBS to do anything more to resolve his complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 7 January 2025.

Sharon Kerrison
Ombudsman